

CHICAGO ARCHITECTURE CENTER

EXPLORING THE ISSUE:

Our Changing Downtown

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INTRODUCTION

Downtown Chicago presents a paradox: It is our central business district, where all trains lead, and a hugely important economic engine for the city and region. And yet, rapid changes to the very nature of work suggest it will need to diversify in every sense to remain strong and viable—in its housing mix, civic offerings, shopping and dining, and tourist draws. Below, we explore downtown’s identity crisis and some of the key trends and prescriptions applicable to Chicago and many other cities.

Warding Off Obsolescence

In the last several years a lot of office space has leapt to the river and west, closer to commuter hubs Union and Ogilvie stations. Look no further than the new trio of buildings from Riverside Investment and architect Goettsch Partners: 150 North Riverside, Bank of America Tower, and BMO Tower. This collection challenges the supremacy of LaSalle Street and points east, where office buildings are generally older and less amenitized.

One accelerating trend is the [residential conversion](#) of dated office space. According to commercial real estate group CoStar, the share of space devoted to office in downtown Chicago (the Loop plus Fulton Market and River North) dipped from 79% to under 75% between 2011 and 2021. Residential accounts for the change. Chicago had the [second-highest](#) number of office-to-apartment conversions in the nation between 2020 and 2022, after Washington, D.C., with over 1,000 new units hitting the market. We’re seeing this primarily in buildings from the 1930s or before. These stately buildings lend themselves to hotel use (think [London House](#)), but the last thing the hospitality sector needs at this point is more product.

[MDA City Apartments](#) and [Randolph Tower City Apartments](#) are two early conversions, from 2006 and 2012. And in the past few years, Cedar Street Companies transformed the [Hartman Building](#) into 176 rental units and Landmark Companies opened the 211-unit [Millennium on LaSalle](#) in the old National Life Building in the heart of the financial district. Potential remains sky high for conversions of buildings like The Delaware (aka Byrant Block), an 8-story Italianate landmark from immediate post-Fire Chicago awaiting a [redevelopment scheme](#).



Rooftop amenity deck at the new Millennium on LaSalle. Photo: Landmark Companies.

There are some much-loved office buildings from the 1960s-1980s that lend themselves to whole-building renovations and energy-efficient retrofits. The \$500 million [Willis Tower upgrade](#) is a prominent example, and a similar undertaking wrapped up in 2020 at [333 S. Wabash](#), or “Big Red” as it’s affectionately known. The headline-grabbing sale and reuse of the James R. Thompson Center for a new [Google Chicago HQ](#) is an especially resonant example of conservation-through-renovation. Here is a long-suffering iconic work of postmodern architecture being granted a new lease on life and brought up to modern standards for energy use and occupant comfort. Happily, although the building is now fully in private hands, a degree of public access will be preserved within its breathtaking atrium.

Meanwhile, a large cohort of workaday office buildings without the cachet of a Willis Tower continue to languish amid the highest vacancy rates in decades. Owners and managers have embarked on targeted renovations and facelifts in some cases, upgrading lobbies, outdoor plazas, and amenities in the hopes of luring new tenants and placating existing ones.

A DEEPER LOOK

Heading West

Halfway through 2024, the overall office vacancy rate in downtown Chicago notched a [new record high](#) of 25.8%, according to commercial real estate firm CBRE. While worrisome, this doesn't tell the whole story. New office development continues at a furious clip in Fulton Market now reaching west of Ogden Avenue—thanks to former Mayor Rahm Emanuel's [downtown zoning extensions](#) which allow for taller buildings across a larger swath of the center city. A mix of speculative construction and purpose-built space for tech firms, there are some key differentiators between this office stock and most buildings found in the Loop: firstly, building age, but also nearby lifestyle amenities, flexible floor plans attractive to growing companies with partly remote workforces, and COVID-responsive design for occupant health and wellness.

Two mid-rise buildings completed in 2020-2021 illustrate the popularity of "boutique" offices:

- [Fulton East](#) was modified mid-construction to include additional outdoor roof and balcony space, hands-free elevators, advanced air filtration, and other safety-conscious measures.

- [800 Fulton Market](#) gestures to the area's industrial past with brick and steel but is exceedingly modern. Along with smart technologies and safety measures similar to Fulton East, it also offers planted terraces, a bevy of social spaces, and advanced sustainable design.



Work begins in 2019 on the Tribune Tower's luxury condo conversion. The renovated landmark boasts new shops, restaurants, and a Museum of Ice Cream. Photo: Bex Walton/Creative Commons.

Further west, near Ogden, the wholesale transformation of vacant lots and former industrial sites like the ADM plant and grain silos are well underway from developers Sterling Bay, Fulton Street Companies, Ryan Companies, and others. The gospel of mixed-use is in full effect here, creating more opportunities for people to live where they work and furthering Fulton Market's evolution as a neighborhood. We would do well to remember the importance of good urban planning, and to that end the chance for a [new Metra rail](#) station at Ogden is encouraging. And the CTA debuted its new Damen Green Line station in August 2024—an obvious catalyst for [accelerated development](#) of property around United Center.

A hot district brimming with new money, culture, and entertainment does not automatically equate to a livable place, especially for the long term. Providing for accessible green space is essential, and something the City should strongly push. It's a lesson neighborhoods like River North and South Loop are learning the hard way.

Retail Apocalypse

By [one count](#), there were 208 more empty storefronts in the Loop in mid-2021 than two years prior. Restaurants accounted for almost half of the new vacancies, and clothing stores another 16%. And, according to Stone Real Estate Corp's annual Loop Retail Survey, we closed out 2023 with a record-high retail vacancy of 30.13%, double the 2019 level. The pandemic only hastened an existing trend: the evaporation of in-person shopping. State Street and Michigan Avenue have both bid farewell to many traditional retailers while attempting to fill these spaces with a mixture of tourist attractions, so-called "experiential" retail (i.e. Starbucks Reserve Roastery), local retail and restaurants and unique cultural uses (CAC is a good example, having leased space for our new Center that was originally marketed to large retailers). It is encouraging to witness a near-total recovery of weekend foot traffic on these Great Streets.

Over time, downtown may reorient a bit more toward the needs and desires of locals. But in reality, we can only speculate on the future of retail. There is growing consensus that smaller is better—that Chicago has room to expand its boutique retail offerings and nuanced experiences. At this stage in the game, we ought to be experimenting in every conceivable way.

A DEEPER LOOK



LEFT: Assemble Chicago. Rendering by Studio Gang. RIGHT: Mary Bartelme Park in the West Loop, high quality green space in short supply. Photo courtesy of site design group, ltd.

A Loop for the People?

The Loop is commonly cited as Chicago's fastest growing neighborhood (according to [the census](#), surging from 16,388 to 42,298 population between 2000 and 2020). That's a fact, but the area is still playing catch-up with the kind of services and amenities typically associated with neighborhoods—like public schools, day cares, grocery stores, and hardware stores. Green space is flourishing with ongoing Riverwalk and lakefront improvements and the still newish Millennium Park and Maggie Daley Park, but an overabundance of hardscaping has deadened other parks and plazas. We need to rethink how to design parks as inviting, intimate spaces so that the urban fabric itself can be an attraction. Also, how can roadway be clawed back from the automobile and gifted to cyclists and pedestrians? To this end, we're watching with curiosity related proposals by Gensler and Lamar Johnson Collaborative to [re-imagine the Mag Mile](#) (North Michigan Ave) as a more people-centered high street.

The other side of the coin is growing downtown more equitably, in terms of who gets to live in proximity to their place of work and the cultural and recreational riches afforded Loop residents. The vast majority of new downtown residential construction has been in the luxury bracket, or else student housing. Subsidized workforce housing [is rare](#) and seldom sized for families.

Enter [LaSalle Street Reimagined](#), a planning department led initiative to convert four office buildings with high vacancy on the Loop's historic banking street to residential use. It is a complex and expensive undertaking to revamp floor plans and building mechanical systems to support living space. But the City considers it important enough to the future vibrancy of downtown to pledge a large public subsidy toward private development. As many as 1,000 units of new housing is expected take hold here over the next few years, 30% of it affordable to households earning 60% of the Area Median Income (AMI), or about \$53,000 for a 2-person household. The City is also studying how to enliven the streetscape with more greenery, lighting, and amenities for residents and visitors alike. Additional residential conversions are also ongoing outside the purview of this plan.

Meanwhile [a new model](#) for affordable housing that also helps us cut our carbons is descending on the Loop. The 12-story Assemble Chicago, designed by Studio Gang, will deliver 114 units at affordable rents for households earning between 30 and 80 percent of AMI. It is designed to a stringent net-zero emissions standard, meaning it will tread lightly in its environmental impact. Located across from Harold Washington Library, the building will be anchored by a YMCA and restaurant fronting a greatly improved Pritzker Park. The project is targeting a 2028 completion.

THE PATH FORWARD

Economists and planners will always point to stats like vacancy rate, foot traffic, and median income to assess the health of downtown. Beyond the numbers, adhering to some basic precepts can really bolster the downtown experience:

Old Can Be New Again. There is much beauty in downtown Chicago's aging building stock, and unlocking its potential is key to downtown's resilience. We owe it to future generations to safeguard our architectural legacy and protect against wasteful impulses by preserving and reusing as many high-quality buildings as possible.

Incentivize and Amenitize. A mix of public and private incentives and amenities will help lure companies and workers to downtown. This ranges from strategic tax breaks and zoning reform to streetscape beautification and top notch spoils for office tenants.

Think Outside the [Retail] Box. Large retailers and flagship stores may continue to uproot from traditional shopping avenues. What takes their place depends on how creative civic associations, landlords, and average citizens are willing to get in the hunt for tenants. Small retail, experiential pop-ups, and new cultural anchors all have a home in the evolving downtown.

The Future is Green and Inclusive. As new buildings get built and older buildings are converted, best practices in energy-efficient design and retrofit should be followed to help us achieve a dramatic reduction in carbon emissions. At the same time, we need more affordable housing to ensure downtown is an inclusive place.

Experiment, Experiment, Experiment. Now is the time to be throwing heaps of spaghetti at the wall on the policy and planning side, the real estate side, and the design side. Let opportunity be the mindset.